

Message Text

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EA/ROC:KJWEAVER

EB/IFD/ODF:RASWART

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R 022152Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

C O N F I D E N T I A L STATE 103216

E.O. 11652: GDS

TAGS: BPRO

SUBJ: D-9827 - MACHINERY PURCHASED BY PRESTO TAIWAN LTD.

REF: A. TAIPEI 6696

B. DWIGHT CRAMER LETTER TO JOHN BIERMAN DATED FEB 25, 1975

SUBSEQUENT TO REFERENCED COMMUNICATIONS, PRESTO TAIWAN DISPOSED OF TWO OF SIX EXIMBANK-FINANCED MACHINES IN ORDER TO MEET INDEBTEDNESS TO EXIMBANK AND SOCIETY NATIONAL BANK OF CLEVELAND. U.S. MANUFACTURER OF MACHINERY, CME-CLEVELAND EXPORT COMPANY, HAS OFFERED TO REPURCHASE REMAINING FOUR MACHINES IF CERTAIN CONDITIONS ARE MET. THESE INCLUDE PRESTO TAIWAN'S COVERING ALL CHARGES INCIDENTAL TO RETURN OF MACHINERY, INCLUDING INSURANCE, PACKING, FREIGHT AND CUSTOMS CHARGES. (IT IS ACME'S UNDERSTANDING THAT, NOTWITHSTANDING CIRCUMSTANCES SURROUNDING RETURN OF MACHINERY THAT THEY REMAIN SUBJECT TO GRC CUSTOMS CHARGES.) FOREGOING TAKES PLACE AT TIME WHEN FINANCIAL STRENGTH OF PRESTO TAIWAN IS UNKNOWN FACTOR, AND POSSIBILITY EXISTS THAT OTHER CREDITORS MAY SEEK EXIM-FINANCED MACHINERY AS
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COLLATERAL FOR LOANS TO PRESTO.

EXIMBANK WOULD APPRECIATE EMBASSY ASSISTANCE AS FOLLOWS:

1. AS THE PROPOSED RETURN OF PRESTO MACHINERY TAKES IT OUT OF IMPORT CATEGORY AND REPRESENTS A TYPE OF REPOSSESSION, ANY DUTY SHOULD BE INAPPLICABLE. WE WOULD APPRECIATE CONFIRMATION OF THIS FROM GRC. FEASIBILITY OF RESALE IN U S PROBABLY DEPENDENT ON EXEMPTION FROM DUTY.

2. EXIMBANK AND/OR SOCIETY NATIONAL BANK MAY WISH TO SECURE CHATTEL MORTGAGE ON THE MACHINES ALONG LINES DISCUSSED IN REF B. PLEASE CONSULT LOCAL COUNSEL TO CONFIRM SUBSTANCE OF REF B AND ADVISE WHAT PROTECTION IS AFFORDED BY CHATTEL MORTGAGE RELATIVE TO ANY OTHER LIEN WHICH MAY BE AVAILABLE UNDER GRC LAW. KISSINGER

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